

DOS, DOE,  
DIA, USAF,  
reviews  
completed.

**TOP SECRET**

ON-FILE NSC  
RELEASE  
INSTRUCTIONS  
APPLY

WASZ86  
OO WTE34  
DE WTE #6665 306200Z  
O 021940Z NOV 74  
FM THE SITUATION ROOM//TONAX113/  
TO BRENER/GOMPERT FOR THE SECRETARY  
ZEM  
TOP SECRET SENSITIVE CONTAINS CODEWORD VIA BLACK PATCH WH43070  
TONAX113/

NOVEMBER 2, 1974  
MEMORANDUM FOR SECRETARY KISSINGER  
FROM: THE SITUATION ROOM  
SUBJECT: NOON NOTES

MIDDLE EAST MILITARY ACTIVITY:

[REDACTED] APPROXIMATELY 80  
TANKS NORTH AND SOUTH OF THE DESERT ROAD 14 KILOMETERS FROM  
ISMAILIA. ALL OBSERVERS AGREE THAT THE TANKS SIGHTED WERE  
CLOSER TO ISMAILIA THAN NOTED ON PREVIOUS TRIPS BETWEEN CAIRO  
AND ISMAILIA. USUALLY TANKS ARE ABOUT 40 KILOMETERS FROM IS-  
MAILIA. [REDACTED] CALLS ATTENTION TO AN FBIS BEIRUT ARTICLE WHICH  
STATES THAT PRIME MINISTER HIJAZI HAS CALLED AN URGENT MEET-  
ING OF THE BATTLE COMMITTEE TO REVIEW CIVIL AND POPULAR  
DEFENSE PLANS. [REDACTED] STATES THAT THE SPECULATION REPORTED IN  
THE FBIS ARTICLE IS IN CONSONANCE WITH COMMENTS WHICH HAVE  
BEEN REPORTED IN THE PAST INDICATING THE EGYPTIANS ARE  
TAKING PRECAUTIONS IN LIGHT OF ISRAELI STATEMENTS AND AC-  
TIONS.

IN A POSSIBLY RELATED DEVELOPMENT AT 1054 LOCAL TIME THIS  
MORNING (3:54 EST) THE EGYPTIAN AIR DEFENSE SYSTEM PLACED  
THE 44TH SURFACE-TO-AIR MISSILE BATTALION, LOCATED AT  
HULWAN NEAR CAIRO, INTO READINESS CONDITION THREE. THIS IS  
THE LOWEST OF THREE EGYPTIAN AIR DEFENSE CONDITIONS, USUALLY  
SIGNIFYING AN INCREASED ALERT. NO REASON WAS GIVEN FOR THIS  
UNIT'S CHANGE IN ALERT STATUS, BUT GROUND AND AIR DEFENSE  
UNITS HAVE BEEN EXERCISING IN THE PAST FEW DAYS.

IN A LATE REPORT, [REDACTED] SAYS NO ADDITIONAL INFORMATION HAS  
BEEN DEVELOPED THIS MORNING CONCERNING MOVEMENTS; HOWEVER,  
AN EGYPTIAN NEWSPAPER CARRIES A SMALL, FRONT PAGE ARTICLE IN-  
DICATING THAT FIELD MARSHAL ISMAIL ALI, DEPUTY PRIME MINISTER  
AND MINISTER OF WAR, INSPECTED TROOP FORMATIONS STATIONED ON  
THE FRONT DURING THE AFTERNOON OF NOVEMBER 1, 1974.

[REDACTED] WILL BE MEETING WITH THE DIRECTOR OF EGYPTIAN  
INTELLIGENCE ON NOVEMBER 3 AND WILL ATTEMPT TO CONFIRM THAT

WAS A RESULT

OF THE FIELD MARSHAL'S INSPECTION.  
ON OCTOBER 31 BEGINNING AS EARLY AS 5:35 A.M. AND CONTINUING

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THROUGH AT LEAST 6:15 A.M., UNUSUAL ISRAELI GROUND FORCES INTERESTING ASPECT OF THE OPERATION WAS THE PARTICIPATION OF UNITS LAST NOTED IN THE SERIES OF ISRAELI MOBILIZATION EXERCISES DURING AUGUST OF THIS YEAR. ADDITIONALLY, THESE LATTER UNITS WERE ACTIVELY INVOLVED IN PULLBACK OPERATIONS OF ISRAELI FORCES FROM OCCUPIED SYRIA EARLIER IN THE YEAR. ANOTHER UNUSUAL FEATURE OF THE OPERATION WAS THE FACT THAT A MAJOR PORTION WAS DIRECTED BY THE COMMUNICATIONS OFFICER OF THE APPARENT BRIGADE. IT CAN, THEREFORE, NOT BE RULED OUT THAT THE ACTIVITY ACTUALLY COMPRISED A COMMAND POST EXERCISE.

SHAH'S PRESS CONFERENCE: UPI REPORTS THAT THE SHAH OF IRAN SAID TODAY HE WOULD SPONSOR A SINGLE PRICING SYSTEM FOR OIL WHICH COULD RESULT IN LOWER GASOLINE PRICES FOR U.S. CONSUMERS. IN A NEWS CONFERENCE MINUTES AFTER YOU TOLD REPORTERS THAT YOU EXPECTED TO VISIT THE MIDDLE EAST NEXT WEEK IN YOUR CAMPAIGN TO STRENGTHEN THE FRAGILE ARAB-ISRAELI PEACE, THE SHAH SAID HE WOULD SUBMIT HIS PROPOSAL AT THE VIENNA OPEC MEETING IN DECEMBER. HE SAID HE DID NOT KNOW WHETHER THE OPEC WOULD ACCEPT THE PROPOSAL.

SAIGON QUIET ON NATIONAL DAY: SAIGON WAS QUIET DURING NATIONAL DAY CELEBRATIONS YESTERDAY. CATHOLIC DISSIDENTS POSTPONED A PLANNED MARCH ON THE PRESIDENTIAL PALACE. BUDDHIST LEADERS CELEBRATED WITH SPEECHES AND RALLIES IN THEIR PAGODAS, CALLING FOR CONTINUED STREET DEMONSTRATIONS AND FOR THE PRESIDENT'S RESIGNATION. SMALLER DEMONSTRATIONS WERE CONDUCTED IN SOME NORTHERN TOWNS. NO VIOLENCE WAS REPORTED. PRESIDENT THIEU, IN HIS NATIONAL DAY ADDRESS, IMPLIED THAT THE GOVERNMENT WOULD, IF NECESSARY, GET TOUGHER WITH FUTURE DEMONSTRATIONS AND BLAMED MUCH OF THE RECENT AGITATION ON THE COMMUNISTS.

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SOVIET MILITARY LEADERS SCHEDULED TO VISIT IRAQ: SOVIET DEFENSE MINISTER GRECHKO WILL TRAVEL TO IRAQ LATE THIS YEAR, ACCORDING TO AN OCTOBER 26 INTERCEPT. GRECHKO'S VISIT IS TO BE PRECEDED BY THAT OF THE CHIEF OF STAFF OF THE SOVIET ARMY. WHILE THE MOTIVES BEHIND THE IMPENDING VISITS ARE NOT CLEAR, THE DISPATCH OF GRECHKO TO BAGHDAD FOR THE SECOND TIME THIS YEAR MAY IMPLY CONCERN OVER THE STATE OF SOVIET-IRAQI RELATIONS, PARTICULARLY OVER IRAQ'S MOVEMENT TOWARD NONALIGNMENT AND RAPPROCHMENT WITH THE WEST. IN VIEW OF THAT COUNTRY'S PREOCCUPATION WITH THE KURDISH WAR AND A PERCEIVED MILITARY THREAT FROM IRAN, MOSCOW HAS APPARENTLY RECOGNIZED THAT ITS SUPPLY OF MILITARY AID IS PERHAPS THE BEST AVAILABLE LEVER TO MAINTAIN ITS INFLUENCE IN BAGHDAD. INHERENT IN THIS IS THE RISK THAT SOVIET ARMS FURNISHED TO IRAQ MAY BE USED AGAINST

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NEIGHBORING IRAN, WITH WHOM MOSCOW ALSO HAS CLOSE ECONOMIC AND POLITICAL INTERESTS. HIS FACTOR COULD LEAD TO RENEWED SOVIET INTEREST IN SEEKING A POLITICAL SOLUTION TO THE DISPUTE -- ANOTHER POSSIBLE PURPOSE OF GRECHKO'S TRIP.

IRAQI TRANSPORT FLIGHTS TO EGYPT CONTINUE: FIVE EGYPTIAN AN-12S FLEW FROM CAIRO TO DAMASCUS AND RETURNED ON OCTOBER 21 AND 26. THREE IRAQI AN-12S ALSO LANDED AT CAIRO ON THE 21ST AND THE 29TH. THESE CARGO AIRCRAFT COULD HAVE MOVED UP TO 96 TONS OF SUPPLIES TO EGYPT. ACCORDING TO AN IRAQI FOREIGN MINISTRY CABLE ON THE 24TH, BAGHDAD HAD AGREED TO PROVIDE EIGHT UNIDENTIFIED MISSILES TO EGYPT. SINCE APRIL, ONLY THREE SOVIET MERCHANTMEN THAT ARE KNOWN TO HAVE CARRIED MILITARY SUPPLIES IN THE PAST HAVE STOPPED IN ALEXANDRIA. WITH THE VIRTUAL CUTOFF OF SOVIET AID, EGYPTIAN STOCKPILES OF AMMUNITION ARE PROBABLY BELOW OCTOBER 1973 LEVELS. DIA FEELS EGYPT IS WORRIED OVER A POSSIBLE PRE-EMPTIVE ISRAELI ATTACK, AND THESE RECENT FLIGHTS PROBABLY DELIVERED MUCH NEEDED AMMUNITION TO EGYPT FROM WELL-TOCKED SYRIAN AND IRAQI SUPPLIES. CIA IS IN AGREEMENT WITH THIS ANALYSIS AND HAS NOTHING FURTHER TO ADD AT THIS TIME.

FORMER ITALIAN INTELLIGENCE CHIEF LINKED TO RIGHTIST COUP PLOTTING: THE ARREST THIS WEEK OF GENERAL VITO NICELI, FORMER HEAD OF ITALY'S PRINCIPAL INTELLIGENCE AND SECURITY AGENCY, WILL MAKE ROME'S POLITICAL ATMOSPHERE MORE TENSE. NICELI IS APPARENTLY CHARGED WITH COMPLICITY IN A 1978 PLOT OF CIVILIAN AND MILITARY RIGHT-INGERS TO OVERTHROW THE GOVERNMENT. HE MAY ALSO BE ACCUSED OF COVERING UP SIMILAR, BUT LESS ADVANCED, SCHEMES DURING THE LAST YEAR. NICELI CLAIMS HE IS THE VICTIM OF A "POLITICAL AND JUDICIAL" PLOT, AND, INDEED, POLITICAL CONSIDERATIONS ALMOST CERTAINLY FIGURED IN DEFENSE MINISTER ANDREOTTI'S DECISION TO TAKE A CRITICAL LOOK AT THE AGENCY. THE MOVE WAS PROBABLY CALCULATED TO AID EFFORTS BY ANDREOTTI TO MEND FENCES WITH THE ITALIAN LEFT, INCLUDING LEFT-OF-CENTER ELEMENTS WITHIN HIS OWN PARTY. PRESIDENT LEONE IS CONCERNED THAT THE INVESTIGATION OF THE INTELLIGENCE AGENCY MAY SOUR THE MILITARY AND ENCOURAGE FURTHER PLOTTING. [REDACTED] LEONE IS AWARE OF ANDREOTTI'S POLITICAL MOTIVES AND FEELS THAT THE ATTACK ON NICELI HAS GONE TOO FAR. HE PLANS TO TRY TO DEFUSE ANY DISCONTENT IN THE MILITARY WITH A STATEMENT ON NOVEMBER 4 -- ITALIAN UNITY DAY -- CITING THE MILITARY AS A PILLAR OF ITALIAN DEMOCRACY.

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[REDACTED]

KUWAIT MAY BE PROVIDING MAJOR LOAN TO JAPAN: KUWAIT APPARENTLY HAS AGREED TO MAKE A MAJOR LONG-TERM LOAN TO JAPAN, PROBABLY BEFORE THE END OF THE YEAR. [REDACTED]

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A \$2-BILLION LOAN IN THE FORM OF A TEN-YEAR DEPOSIT, AT 11 PERCENT ANNUALLY AND GUARANTEED BY THE JAPANESE GOVERNMENT, WOULD BE CHANNELLED THROUGH THE LONDON BRANCH OF JAPAN'S LARGEST COMMERCIAL BANK. THE LOAN WOULD DOUBLE THE AMOUNT OF ARAB DEPOSITS NOW HELD BY JAPANESE BANKS IN LONDON. A LOAN OF THIS SIZE WOULD REPRESENT A MAJOR SHIFT IN KUWAIT'S INVESTMENT POLICY, WHICH HAS STRESSED DIVERSIFICATION. THE AMOUNT APPROXIMATES KUWAIT'S PROJECTED DOLLAR EARNINGS OVER THE NEXT FEW MONTHS, AND KUWAIT IS UNLIKELY TO PUT IT IN ONE LONG-TERM DEPOSIT.

TENRAN PROVIDING BANK LOAN TO PERU: IRAN IS BACKING A \$50-MILLION COMMERCIAL BANK LOAN TO PERU TO HELP FINANCE CONSTRUCTION OF A \$450-MILLION PIPELINE ACROSS THE ANDES. ALTHOUGH THE LOAN APPEARS TO BE PART OF A \$100 MILLION COMMITMENT FROM THE IRANIAN CENTRAL BANK, THERE CURRENTLY IS NO INFORMATION ON THE DISBURSAL OF THE REMAINING \$50 MILLION. THE INITIAL \$50-MILLION LOAN IS FOR SEVEN YEARS WITH A FOUR-YEAR GRACE PERIOD. IT BRINGS ASSURED FINANCING FOR THE PIPELINE TO ABOUT \$330 MILLION. THE PIPELINE, WHEN COMPLETED, WILL HELP TAP PROVEN CRUDE OIL RESERVES OF ABOUT 400 MILLION BARRELS IN THE JUNGLE OF EASTERN PERU.

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[REDACTED]

THE 170TH SINCE THE LIMITED TEST BAN TREATY WAS SIGNED.  
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